1.16   **RISK MANAGEMENT POLICY**

Distribution   Elected Members, All employees, contractors and volunteers

Responsible Officer   Chief Executive Officer

Date adopted   17 November 2021

File Reference   N/A

Purpose
To set effective risk management practices across Council within a framework that can be clearly comprehended and applied by all participants in Council activity. The policy aims to mitigate adverse effect of risk associated with operation and to capitalise on any identified positive opportunities.

Objective
Establish a systematic method of developing context; identifying, analysing, evaluating, treating, monitoring and reviewing risk associated with Council's function and process to mitigate potential loss and maximise opportunities for the Shire of Goomalling.

- Council and management have a clear understanding of risks and strive for best practice (ISO 31000-Risk Management);
- Optimise the achievement of the Shire vision, mission, strategies, goals and objectives;
- Provide transparent and formal oversight of risk and control environment to enable effective decision making and planning for risk;
- Promote a positive risk culture;
- Enhance risk versus return without risk appetite;
- Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations;
- Ensure the ongoing health and safety of Council constituents;
- Enhance organisational resilience; and
- Identify and provide for the continuity of critical operations.

Scope
Elected members, all staff, contractors, committees and volunteers

Risk Appetite
The Council quantified is risk appetite through the development and endorsement of the Shire of Goomalling's Risk Assessment and Acceptance Criteria. The criteria are included within the risk management procedures and are subject to ongoing review in conjunction with this policy.

Standard

Risk Management will form part of the strategic, operational, project and line management responsibilities and where practicable, be incorporated within the Shire of Goomalling's Integrated Planning Framework.

- The Shire of Goomalling Management team will determine and communicate the Risk Management Policy, objectives and procedures, as well as direct and monitor implementation, practice and performance;

- Every employee, contractor and volunteer within the Shire of Goomalling is recognised as having a role in risk management, from the identification of risk, to implementing risk treatments and shall be encourage to participate in the process;

- Consultants may be retained at times to advise and assist in the risk management process or management of specific risk or categories of risk;

- All organisational risk to be reported at a corporate level are to be assessed according to the Shire of Goomalling's Assessment and Acceptance Criteria to allow consistency and informed decision making. For operational requirements such as project or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisations appetite and are to be noted within the individual risk assessment;

- Shire of Goomalling will implement and integrate a monitor and review process to report on achievement of risk management objectives, the management of individuals risks and ongoing identification of issues and trends;

- Disability must not automatically be deemed to present a risk issue;

    o Where concern of risk occurs due to disability these concern must be investigated with the employee involved. The employee, at the commencement or during this process may request that an advocate be involved to assist them in responding to concerns; and
    o In the event of an identified risk, reasonable adjustment shall be considered and if required ongoing management shall be applied.

- This policy will be kept under review by the Shire's Management Team and its employees. It will be formally reviewed biennially.

Risk assessment is application across the organisation in the following (but not limited to) broad categories:

- Misconduct
- Inadequate environmental management
- Inadequate cultural awareness
- Business and community disruption
- External theft and fraud

- Errors omission and delays
- Failure of IT and or communication systems and infrastructure
- Failure to fulfil statutory, regulatory or compliance requirements
- Inadequate document management process
- Inadequate engagement practices
- Inadequate asset sustainability practices
- Inadequate safety and security practices
- Ineffective employment practices
- Inadequate project management
- Inadequate supplier/contract management
- Ineffective management of facilities, venues and events

The level of risk associated with, and acceptable to each business are of the Council is identified in the Risk Management Procedure.

Measures of Consequence

RATING	PEOPLE	INTERRUPTION TO SERVICE	REPUTATION (Social / Community)	COMPLIANCE	PROPERTY (Plant, Eqipment & Bldgs)	NATURAL ENVIRONMENT	FINACIAL IMPACT
Insignificant (1)	Near Miss	No Material Service Interruption Less than 1 hour	Unsubstantiated, Localised low impact on Community, low profile or no media item	No noticeable reglatory or statutory impact	Inconsequential Damage	Contained, reversable impact managed by onsite response	Less Than $2,000
Minor (2)	First Aid Treatment	Short Term interruption Backlog Cleared < 1 day	Substantiated, localised impact on community trust or moderate media profile	Some temporary non compliances	Localised Damage rectified by routine internal procedures	Contained reversible impact managed by internal response	$2,001 - $10,000
Moderate (3)	Medical Treatment/Lost time injury <30days	Medium Term Temporary - Backlog Cleared by additional resources < 1 week	Substantiated, public embarrassment, moderate impact on community trust or moderate media profile	Short term non-compliance but with significant regulatory requirements imposed	Localised Damage requiring external resources to rectify	Contained reversible impact managed by external agency response	$20,000 - $100,000
Major (4)	Lost Timer Injury .>30 Days/Temporary Disability	Prolonged Interruption of Service - additional resources; performance affected < 1 month	Substantiated, public embarrassment, widespread high impact on community trust, high media profile, third party actions	Non-compliance results in termination of services or imposed penalties to Shire or Officers	Significant damage requiring internal & external resources to rectify	Uncontained reversible impact managed by a coordinated response from external agencies	$100,000 to $500,000
Extreme (5)	Fatality, Permanent Disability	Indeterminate Interruption of Service - additional resources; non-performance > 1 month	Substantiated, widespread public embarrassment, widespread high impact on community trust, widespread multiple media profile, third party actions	Non-compliance results in Litigation, criminal charges, or significant damages or penalties to Shire or Officers	Extensive Damage requiring prolonged period of restitution. Colplete loss of plant, equipment & or building	Uncontained irreversible impact	More than $500,000

Measures of Consequence (Project)

RATING	RATING	Project TIME	Project COST	Project SCOPE / QUALITY
1	Insignificant (1)	Exceeds deadline by > 5% of project timeline	Exceeds Project Budget by 2% or more	Minor variations to project scope or quality
2	Minor (2)	Exceeds deadline by > 10% of project timeline	Exceeds Project Budget by 5% or more	Scope creep requiring additional work, time and resources. Reduced perception of Quality by stakeholders
3	Moderate (3)	Exceeds deadline by > 15% of project timeline	Exceeds Project Budget by 7.5% or more	Scope creep requiring additional work, time and resources or shortcuts being taken. Stakeholder Concerns
4	Major (4)	Exceeds deadline by > 20% of project timeline	Exceeds Project Budget by 15% or more	Project Goals, deliverables, costs and/or deadline failures. Project no longer aligned with project scope Stakeholder intervention in Project
5	Extreme (5)	Exceeds deadline by > 25% of project timeline	Exceeds Project Budget by 20% or more	Failure to meet project objectives Project outcomes negatively affecting the community or the environment Public embarrassment, third party actions

MEASURES OF LIKELIHOOD

RATING	RATING	Project TIME	Project COST
5	Almost Certain	The event is expected to occur in most circumstances	More that once per year
4	Likely	The event will probably occur in most circumstances	At least once per year
3	Possible	The event should occur sometime	At least once in three years
2	Unlikely	The event could occur some time	At least once in ten years
1	Rare	The event may occur in exceptional circumstances	Less than once in 15 Years

Risk Matrix

Consequence Likelihood		Insignificant 1	Minor 2	Moderate 3	Major 4	Extreme 5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

Risk Acceptance

Risk Rank	Description	Criteria	Responsibility
LOW (1 - 4)	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Supervisor/Manager
MEDIUM (5 - 9)	Monitor	Risk Acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Manager
HIGH (10 - 16)	Urgent Attention Required	Risk Acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Senior Staff / Executive Management Team
EXTREME (17 - 25)	Unacceptable	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by the highest level of authority and subject to continuous monitoring	CEO/Council

Definitions

Risk   AS/NZ ISO 31000 defines risk as "the effect of uncertainties on objectives". A risk is the potential consequence from a specific event or circumstance. An effect is a deviation from the expected – positive or negative. Objectives can have different aspect (such as health and safety, financial or environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product or process).

Risk Management   Coordinated activities to direct and control an organisation with regard to risk.

Risk Management Process   Systematic application of management policies, procedures and practices during consultation to establish context; identify, analyse, evaluate, treat, monitor and review potential risks.

Roles & Responsibilities

Elected members
- Have a strong understanding of effective risk management;
- Support effective risk management process throughout the organisation; and
- Be suitably informed in risk management for audit and risk management review annually.

Chief Executive Officer
- Ensure Council's Risk Management Plan is implemented;
- Ensure management team are adequately training is risk assessment; and
- Ensure employees are aware of their role in risk management.

Executive Management
- Encourage all employees, contractors and volunteers to participate in managing risk within their own area;
- Promote morality, accountability and reporting of risk including escalation or changes to identified risks;
- Scrutinise programs and projects for potential risks;
- Evaluate risk associated will all department functions;
- Determine risk treatments;
- Effectively communicate risk awareness and information across the organisation; and;
- Meet regularly to review strategic risks.

All employees/contractors and volunteers
- Be aware of risk and ensure they participate in risk mitigation within the workplace;
- Report risk and the escalation of identified risks immediately; and
- Actively participate in reducing risk in the workplace.

Legislation

Local Government Act 1995
Work Safety & Health Act 2020
AS/NZS ISO 31000:2009 Risk Management Principles and Guidelines

Document Links
Strategic Community Plan
Objective 4 – Civil leadership

Corporate Business Plan
Workforce Plan
Asset Management Plan
Risk Management Plan
Age Friendly Community Plan
Goomalling Bike Plan 2020
Our Youth, Our Future Youth Friendly Community Plan

Procedures Manual
Risk Management – Risk Assessment and Acceptance Criteria
Risk Profile Reporting Tool

Local Law
Nil

Delegation

Review History

Version	Review date	Minute no.	Notes
1	September 2015	1 092015.SM	
1.1	March 2017	8.14 032017.OM	
1.2	21 October 2020	269. OM_211020	Formerly 4.35 Risk Management
2	17 November 2021	9.4 OM_171121	Annual Review- **Resolution 427**